

Transformations on whose terms? Understanding the new EU-ACP trade relations from the outside in

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TRANSFORMATIONS ON WHOSE TERMS?

Understanding the New EU-ACP Trade Relations
from the Outside In

Ulrike Lorenz

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UNDERSTANDING THE NEW EU-ACP TRADE RELATIONS FROM THE OUTSIDE IN

Ulrike Lorenz

Abstract

In the past ten years, the long-standing trade relations between the European Union (EU) and the African, Caribbean, and Pacific (ACP) countries have experienced radical transformations. The negotiations of the Economic Partnership Agreements (EPAs) between the EU and seven regional groupings formed by the ACP countries have led to the EU being maneuvered into an unexpectedly weak position. For the first time, European negotiators had to substantially leave their pre-agreed negotiation path and positions due to the immense pressure from ACP countries, regional organizations, and non-state actors – and still have not been able to finalize negotiations that had initially been expected to only take five years until the end of 2007.

These developments constitute a two-tire puzzle: Not only could the EU not play its 'negotiation game' and largely determine the outcomes of negotiations, but also did the outcomes of the negotiations differ between the individual regional negotiations groups despite a single European mandate for all seven regionally conducted EPA negotiations. The paper argues that a comparative 'outside-in perspective' from the ACP countries' side towards the EU is essential to understand the puzzling EPA negotiation process and its (preliminary) outcomes. More specifically, it argues that the negotiations were rather determined by regional dynamics, different negotiation structures of individual EPA configurations, and the role of regional hegemony than by the EU's actions and positions. This perspective has so far gained little attention. Trade negotiations with the EU have largely been illustrated as a clear-cut case in most studies and it is to be questioned to what extent the EPA negotiations challenge such a scenario. The paper presents a comparative case study on the EPA negotiation groups of the Southern African Development Community (SADC) and the East African Community (EAC) from a 'South-Eastern African perspective'.

The Author



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Selected Acronyms

ACP	African, Caribbean and Pacific Group of States
BLMS	Botswana, Lesotho, Mozambique, Swaziland
BLNS	Botswana, Lesotho, Namibia, Swaziland
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
LDC	Least Developed Country
RPTF	Regional Preparatory Task Force
SADC	Southern African Development Community
SACU	Southern African Customs Union
TDCA	Trade, Development and Cooperation Agreement

1. Introduction¹

‘The weak vs. the strong’ is a recurring metaphor in describing the standard North-South asymmetric negotiation situation where ‘the strong’ is associated with a powerful North and ‘the weak’ with a more or less powerless South mainly composed of developing countries. This metaphor has experienced significant modifications due to the changing role of developing countries in multilateral trade negotiations. However, negotiations between the European Union (EU) and the African, Caribbean, and Pacific (ACP) countries are still strongly associated with a classic North vs. South scenario where the EU’s dominance in the last 50 years of trade negotiations has been defined by its ability to determine negotiation courses and outcomes due to its economic power. It was thus widely expected that the new negotiation round for trade agreements that had been scheduled between 2002 and 2007 would be concluded in a fairly timely and comprehensive fashion as earlier negotiations had been: The ACP countries would divide themselves up into regional negotiation groupings that would concur with already existing Regional Economic Communities (RECs). They would largely comply with the positions and the negotiation schedule suggested by the EU, also due to the fact that the ACP countries had already agreed on the framework conditions of the new so-called Economic Partnership Agreements (EPAs) in the Cotonou Agreement in 2000 on the one hand and due to the pressure of losing their market access to the EU because of the restricted WTO waiver, on the other. In addition, the European Commission had been given one single mandate for all the individual negotiations and would thus have to negotiate under the very same aims and conditions in each of the regionally conducted negotiations.

Quite unexpectedly, the EPA negotiations ran contrary to almost all expectations: None of the regional negotiation groupings chosen concurred with existing regional organizations, some of them comprehensively funded by the EU. The negotiation did not take off before mid 2007 despite the EU exercising substantial pressure on the regional groupings particularly in the months of the negotiations. By the end of the initial deadline end December 2007, none but one full EPA had been concluded with the group of the Caribbean ACP members (Cariforum). Out of the other six negotiation groupings, only the East African Community (EAC), which had not even been a negotiation grouping until November 2007, jointly signed a so-called interim EPA (iEPA). A small number of countries decided to sign bilateral iEPAs in order not to risk their market access to the EU and the majority of countries chose not to sign any agreement. The resulting scenario does not only show a most confusing ‘spaghetti bowl’ of uncompleted trade agreements that run contrary to existing regional organizations in most cases. It also shows that the outcomes of the different negotiation processes differ considerably from each other and do not align with the predominant idea of a ‘homogenous South’ led by a small number of regional hegemons.

Five years after the initial deadline of the EPA negotiations, it has become obvious that the – still preliminary – outcomes of the EPA negotiations constitute the beginning of new EU-ACP trade relations that are to a much larger extent shaped on the ACP countries’ terms compared to earlier times. As these terms differ between the regional negotiation groupings, the paper argues that the different outcomes need

1 This working paper results in part from research conducted at the Kolleg-Forschergruppe (KFG) “The Transformative Power of Europe,” hosted at the Freie Universität Berlin. The KFG is funded by the German Research Foundation (DFG) and brings together research on the diffusion of ideas in the EU’s internal and external relations. For further information please consult www.transformeurope.eu.

to be scrutinized from an often overlooked 'outside-in perspective' by focusing on regional dynamics in the individual EPA negotiation groupings instead of on the EU's role in the negotiations. The paper understands regional dynamics in the EPA negotiations as determined by the negotiation structure, by processes of coalition forming in the individual negotiation groupings, and by the role of the regional hegemon in every group. It proceeds in four parts. In the following section, it provides a brief account of the EPA negotiation process with a particular focus on the negotiations with the SADC EPA group and the EAC whose negotiation outcomes were diametrically opposed to the expected outcomes. The next part theorizes the transformations of the EU-ACP trade relations due to the negotiation process, while the last investigates the empirical basis for these theoretical claims. Finally, the concluding section explores how the findings relate to the regional dynamics.

2. From Block-to-Block to Region-to-Region. The EPA Negotiations with a 'Not So Weak South'

The EPA negotiations constitute a prime example of the dissolving North-South negotiation scenario. Ending almost 30 years of preferential trade agreements granted by the Lomé Conventions, the EPAs were set out to constitute a landmark for the trade relations between the EU and the ACP member-states in addressing two critical aspects of the EU-ACP relations: First, the granting of duty-free access to the European market had not led to an increase the ACP's share in total EU imports. Second, those non-reciprocal preferences were not compatible with Article XXIV of the General Agreement on Tariffs and Trade (GATT) and thus required renegotiation. Provided with a World Trade Organization (WTO) waiver until the end of 2007, the Cotonou Agreement thus foresaw a five-year negotiation process of the new EPAs to be initiated in September 2002 with the new trade agreements entering into force by 1 January 2008. The four objectives of the EPAs were already outlined in the Cotonou Agreement in 2000: By "fostering the smooth and gradual integration of the ACP States into the world economy" (Art. 34[1]), their overall aim was the promotion of "sustainable development and contributing to poverty eradication in the ACP countries." Thus, to fulfill the ultimate objective to play a part in international trade (Art. 34[2]) in "full conformity with the provisions of the WTO" (Art. 34[4]), cooperation with the ACP aimed at "enhancing the production, supply and trading capacity of the ACP countries as well as their capacity to attract investment (...) strengthening trade and investment policies and (...) improving the ACP countries' capacity to handle all issues related to trade" (Art. 34 [3]).² The first guiding principle of the negotiations thus aimed for the EPAs being above all a tool for development. Proposing a most flexible approach to the negotiations on behalf of the Commission, this first principle encompasses an improved market access that would "contribute to maintaining the unity and solidarity of the ACP and to (...) regional integration within the ACP" (European Commission 2002:

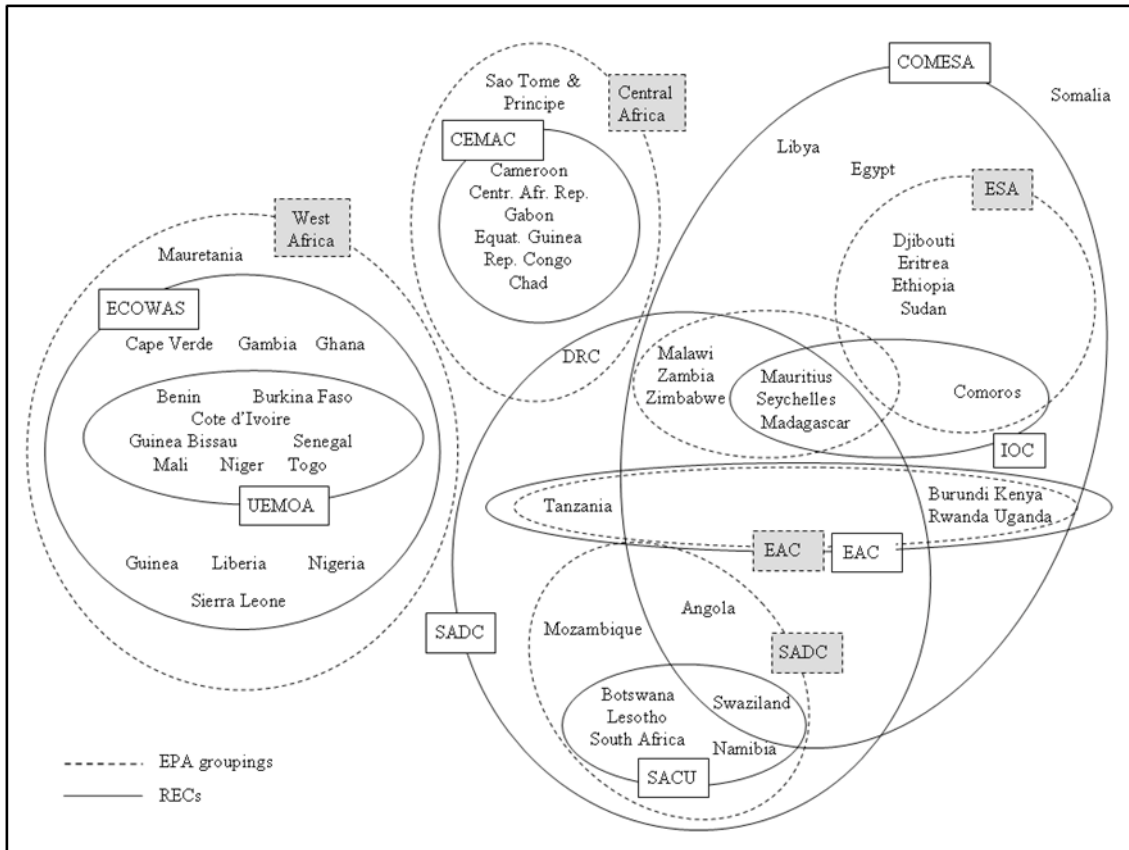
2 While most documents and reports only refer to the four guiding principles established by the Commission, it should however be noted that the ACP also published quite detailed ACP Guidelines for the EPA negotiations in 2002 which broadly reflected those of the Commission, but additionally listed ACP unity and solidarity, preservation and improvement of the Lomé Acquis, sustainability, coherence and consistency by the ACP states, and "additionality [sic!] of resources and support for adjustment" (ACP 2002: section II, para. k.33) as guiding principles. Additionally, apart from outlining the ACP's position on trade and trade-related issues, it provides a section on development cooperation issues and legal issues as well as the ACP negotiation structure.

para. 4.1). The scope of the negotiations should not only cover trade liberalization for trade in goods, but also for trade in services and trade related issues that are to be complemented by “appropriate development strategies in the ACP countries and development support by the Community” (European Commission 2002: para. 4.1).

In contrast to earlier agreements that were negotiated on an all-ACP level, the EPAs were designed as regionally-based trade agreements with the ACP members divided into six individual negotiation groupings.³ The formation of the regional EPA configurations was one of the most controversial questions in the negotiations. The version that holds the EU accountable for forcing ACP countries into predetermined groupings has mainly been pursued by European non-governmental organizations (NGOs) and has proven to be most enduring. In reality, and confirmed in a number of interviews both with European and Southern African officials, the ACP countries divided themselves into regional groupings which resulted in the six EPA negotiation groups. This intention to build on existing initiatives and the actual scenario of regional negotiation configurations chosen at the beginning of the second phase of the negotiations, however, substantially contrasted rather than complemented each other. The “spaghetti bowl nightmare” (Bilal 2005: 11) particularly concerned the Eastern and Southern ACP members as many of them belong to more than one regional organization.⁴ This situation of overlapping membership was consequently intensified by the EPA configurations not being congruent with any existing regional organization (Figure 1).

3 The emphasis of a region-to-region approach had already been outlined in Article 1(4) of the Cotonou Agreement which emphasized encouragement of and support for “[r]egional and sub-regional integration processes which foster integration of the ACP countries into the world economy in terms of trade and private investment” (see also Art. 35[2]).

4 While this would per se be perfectly consistent with the principles of a free trade agreement, the respective regional organizations – SADC, COMESA, and EAC – all aimed for becoming customs unions by the end of the first decade of the new millennium. Considering that SADC already includes a group of countries belonging to a customs union – the South African Customs Union (SACU) – and that every country can only be member of one customs union, conflicting economic integration commitments would be unavoidable (McCarthy 2008).

Figure 1: Overlapping Membership of African RECs and EPAs⁵

Source: Author's illustration

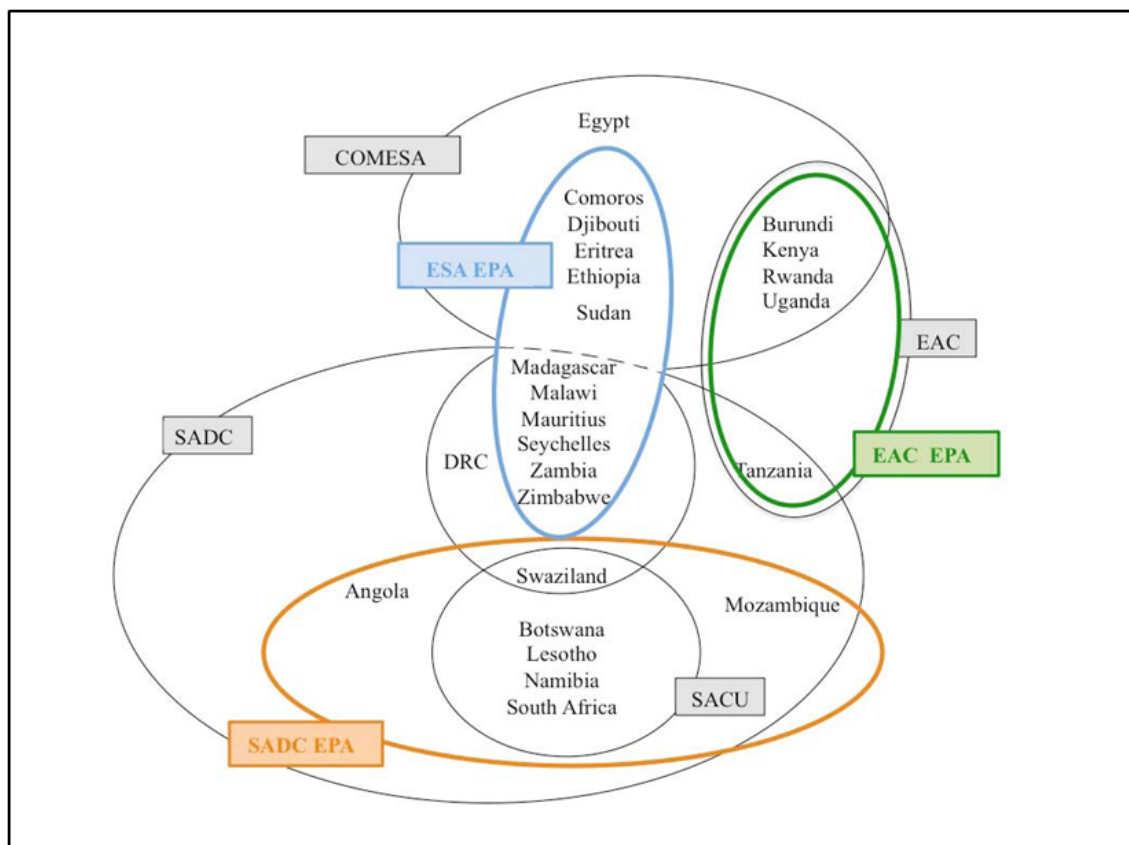
At the initial deadline on 31 December 2007, a comprehensive EPA could only be completed with the Cariforum group. With all other configurations, the Commission had to switch to parallel negotiations with individual countries and regional configurations to at least achieve the initialing of iEPAs which comprised complete provisions on trade in goods while other issues under negotiations were to be left for further negotiations. Interim Agreements were initialed by 18 African states and two Pacific non-Least Developed Countries (LDCs). Considering that all ACP non-LDCs have concluded them, safeguarding their preferential market access to the EU is most likely the main reason why countries initialed an Interim Agreement apart from avoiding trade disruption. The status of the iEPAs was however anything but clear by the end of 2007 and the degree as to which they could be revised in the future negotiation process stayed undetermined.

The two most surprising outcomes were those of the SADC EPA group and of the EAC. In the case of SADC, since its restructuring in 1994, the Community had been presented as thriving example of regional integration in Sub-Saharan Africa with an ambitious integration road map that foresaw the establishment of a customs union by 2008. It was thus expected that the SADC would form one negotiation group. Yet, already the decision by the Northern SADC members to join the Eastern and Southern African (ESA) EPA group instead of the SADC EPA group caused unease that increased with the realization that the observer status

5 State of play: May 2012.

of South Africa would not lead to a harmonized trade agreement scenario in Southern Africa. In the last weeks prior to the deadline, negotiations between the EU and the SADC EPA group had been noticeably marked by severe disagreement between negotiating parties over several issues that could not be settled even at the last meeting before the deadline in Brussels in November (cf. Lorenz 2011a). Disputes over various issues had also been a regular feature of earlier negotiations of agreements that had nevertheless always been signed in the end. This time, South Africa and Namibia literally walked away from the negotiation table (Figure 2).

Figure 2: Overlapping Membership Between RECs and EPAs in Eastern and Southern Africa⁶



Source: Author's illustration

In contrast, the EAC negotiation group only formed weeks before the initial deadline in November 2007 with Kenya, Rwanda, Uganda, and Burundi leaving the Eastern and Southern EPA configuration and Tanzania leaving the SADC EPA configuration (Figure 2). These five countries form a REC – the EAC – and thus constitute the only negotiation group that coincides with an existing REC. The EAC was only revived in 1999 by Kenya, Tanzania, and Uganda after the first EAC had collapsed in 1977 after 10 years of existence and has, since then, been on the fast lane of regional integration with a customs union established in 2005 and a common market in 2010.⁷ There are different explanatory factors for the success of the new EAC

⁶ State of play: May 2012.

⁷ In fact, institutionalized regional economic cooperation in Eastern Africa dates back to the British colonial administration that brought the protectorates Kenya and Uganda into a customs union in 1917 which was joined by

such as the common cultural background and, in particular, the common languages Swahili and English together with basically compatible legal and political systems in what is considered as a politically largely stable region (Qualmann et al. 2004: 45). It will be part of the case study to further scrutinize the regional dynamics in that matter.⁸

3. Theorizing Regional Dynamics in the New EU-ACP Trade Relations

3.1 *Beyond a 'North-South' Scenario*

The role of developing countries in North-South trade negotiations has largely been illustrated as a clear-cut case in most studies, and probably correctly so for a long time being. Taking 40 years of negotiations of trade agreements between the ACP countries and the European Commission (EC) in the last millennium as an example, neither the negotiations' processes nor the negotiations' outcomes allow many different interpretations than the developing countries being sidelined while the negotiations had in fact been determined and driven by the EC. This issue of the "power of the weak" has gained some attention of negotiation studies scholars over time to whom the power-paradox constituted not only an empirical puzzle but also a theoretical challenge. If North-South negotiations were "only a power play, they could be dismissed as not only unimportant, but even uninteresting, given the asymmetrical context" (Zartman 1987: 290). Ravenhill (1987) for example argues that the bargaining strength of the ACP states lay paradoxically in their weakness: In order to compensate for the deterioration of their economic position in the 1980s and the erosion of trade preferences as a consequence of the Uruguay Round, the ACP countries were able to place additional pressure on the EC by demanding improved terms of any new convention. He, however, only marginally directs attention to differences within the ACP. Yet, 'the South' has become significantly diversified regarding its range of actors, its scope of action, as well as the asymmetries between those associated with this group. The emerging scenario might more aptly be captured by seeing the EPA negotiations as taking place between the 'not so weak' and the 'not so strong' since the EU's position in the negotiations has been equally transformed. Scholars have however struggled with – or rather against – the common realist notion of structural power determining outcomes. Answers had to go beyond this notion and cover a broad range of approaches. Some scholars suggest differentiating between issue-specific structural power due to available alternatives and behavioral power due to applying tactics that can compensate for structural weakness such as, amongst others, building coalitions (Habeb 1988; Jönsson 2002). Others see shared norms (Elgström 1992) or procedural manipulation like withholding signature as explanatory, but only situational and relative factors to answer the question "how weak can negotiate with the strong" (Zartman 1971: 222-228, 1985: 122). However, and despite their innovative contributions to negotiation research, these earlier studies of North-South negotiations remained within the conceptualization of block-to-block negotiations with states as the exclusive unit of analysis.

Tanzania in 1927 (cf. Kyarimpa 2002; cf. Nixdorf 2011).

8 However, particularly regarding customs procedures at borders, in both francophone Burundi and Rwanda customs documents are still frequently requested to be translated into French by customs officials (KIPRA 2011).

More recent negotiation studies have addressed the North-South relationship within the context of multilateral trade negotiations that represent “one of the least developed areas in negotiation theory” (Jönsson 2002: 222). Here, the asymmetric North-South scenario is opened up towards a multilevel asymmetric scenario where not only developing countries have to defend their interests against developed countries, but where new non-state actors such as NGOs align with the developing countries to strengthen their position through public attention. In contrast to the more open model developed by Hocking in 2004, respective studies rather point towards a status-quo scenario for the ‘weak’ party. The unity of developing countries’ coalitions was considered as a most striking feature of the negotiations (Jawara/Kwa 2004). This development has been taken up by a number of studies that share a strong focus on the issue of coalition building (Dupont 1996; Odell/Mena 2004; Singh 2006; Wade 2003). As Dupont (1996: 48, 50) argues, “coalitions turn out to be the major variable in understanding and explaining the process and outcome [of negotiations]” whereby coalitions vary in their objectives that in turn depend on the type of negotiations, stakes, and issues. This was further exemplified by an extensive study on group formations in the WTO Uruguay Round (Drahos 2003), concluding that the best strategy for developing countries “should be to focus more on the possibilities of groups” (Drahos 2003: 130). Regarding regional trade negotiations, it can be assumed that regional coalition building plays an important role in understanding regional dynamics in respective negotiations.

3.2 *Beyond a ‘Global South’ – Regional Hegemons in a Heterogeneous South*

For North-South negotiations, yet another dimension requires further thought. As the bipolar system of the Cold War has moved to a preliminary unipolar system that comprises a variety of types subsumed as ‘leading states’, research has put particular emphasis on concepts like middle powers, regional powers, or emerging powers.⁹ While the concept of middle powers was already introduced by Keohane in 1969, describing states with limited but systemic impact within a small group of states, their position is conceptually rather linked to international organizations in order to support a stable environment (Cox 1996). They are therefore conceptually linked to a multilateralist approach, “unlikely to have overwhelming influence on the international stage” (Flemes 2007: 9) and thus of less both actual and conceptual relevance for determining dynamic processes in the Global South. In contrast, regional powers are considered as actors with “the capacity to act alone in a region”, whereby their geographical range is more restricted than that of middle powers (Wright 1978: 10). According to Walter Mattli (1999; cf. Agnew 2005; Hurrell 2006; Destradi 2008; Kapstein 2010: 2-3), regional integration requires a “leader” among the nations who has a strong interest in promoting deeper integration and is willing to pay a disproportionate share of the costs for setting up and maintaining the collective scheme. The role of regional hegemons has gained major attention in academic research per se whereas the subsequent question of how these hegemons relate to the interactions in and dynamics of the region and beyond over time has found little consideration in negotiation research. The ‘Global South’ has been conceptualized as a rather homogeneous group of developing

⁹ Recent years have seen an exponential growth in terms aiming to describe those countries that do not qualify as superpowers but hold a relatively influential position in the state system, like regional hegemon, pivotal state, or a combination of terms such as “emerging middle power” (Schoeman 2003; cf. Sidiropoulos 2007).

countries being led and represented by a group of emerging power. The concept of emerging powers has equally gained considerable attention as growing economic actors, but also as part of political groups such as the G20 or the BRIC countries.¹⁰ There are at least three dynamics related to these regional or emerging powers, respectively: Within the regions, trade relations equally display North-South characteristics with one or two strong economies dominating smaller regional economies (Sidiropoulos 2007: 14). At the same time, it has been argued that “strong leadership is often a prerequisite for effectiveness, yet leadership that is too strong may be counterproductive because it might stimulate defensive reactions, reduce group cohesiveness and create opportunities for other coalitions to be formed” (Dupont 1996: 55; cf. Narlikar 2010; Odell/Mena 2004). However, new dynamics due to new issues under negotiation and new actors negotiating them require moving beyond classic conceptualizations where ‘North’ and ‘South’ are inflexible contextual descriptions. In spite of prospective complexity, these descriptions need to be rejected in favor of a more open and differentiated research approach. The emerging picture is thus one of more differentiated and complex power constellations in the Global South with increasing connections to the global market and institutions such as the WTO.

4. Comparing Regional Dynamics in the SADC and the EAC EPA Negotiations¹¹

4.1 *Negotiation Structures*

4.1.1 *The Negotiation Structure of the SADC EPA Group*

As outlined in the SADC-EC EPA Road Map, negotiations were to be conducted through a three-tiered structure, comprising ministerial, senior official, and technical levels. At ministerial and senior official level, Botswana was designated to lead the negotiations. The position of the Chief negotiator for the SADC EPA group was thus staffed with the Permanent Secretary of the Botswana Ministry of Trade and Industry, while the technical level was to be led by the EPA Unit of the SADC Secretariat that had specifically been set up to co-ordinate and facilitate the negotiation process.¹² The EPA Unit functioned as a small technical advisory body jointly financed by the SADC EPA member states, EU funding, and third-party funding to support negotiation groupings during the negotiation process. Since those EPA members negotiating within the ESA grouping were under the auspices of the Secretariat of the Common Market for Eastern and Southern Africa (COMESA), SADC’s area of responsibility was thus reduced to a ‘South African Customs Union+’ configuration (SACU+). Although the fact that the EPA Unit represented only this group of SADC members was officially not seen as problematic, the relationship with individual ministerial officials was anything but easy and the authority of the EPA Unit was quite limited. Additionally, the Road Map foresaw a

10 The Group of 20 is composed of the world’s 19 major economies and the European Union. Brazil, Russia, India and China are often referred to as BRIC countries, representing the major emerging economies.

11 Given the fact that the EPA negotiations were and are still in progress, all interviews were conducted confidentially. Further information can be obtained from the author.

12 The SADC EPA Unit is headed by a Chief Technical Advisor and staffed with officials seconded from SADC EPA Member States.

SADC-EC Regional Preparatory Task Force (RPTF), a forum comprising national and regional representatives and experts for both the SADC EPA grouping as well as EU officials that had been established “to enforce the strategic link between EPA negotiations and development cooperation” (SADC EPA Road Map 2004: Art. III - 9 and 10). While some saw it as a ‘good-will arrangement’ pushed for by the EU to enable non-state actors to take part in the negotiation process, others were less positive and rated the Task Force as a non-functional and ‘unnecessary’ ‘pseudo forum’.¹³ Considering that throughout the negotiations serious concerns were expressed both by state and non-state actors about the ‘development dimension’ of the EPAs, it remains unclear why the SADC RPTF did not get off the ground while it played a rather important role in other configurations like the Cariforum or the ESA EPA.¹⁴

4.1.2 *The Negotiation Structure of the EAC EPA Group*

Initially, the three founding members of the EAC, Kenya, Tanzania, and Uganda, had decided to negotiate as a block in 2002 and had organized a workshop attended by trade experts, EAC ambassadors in Brussels and Geneva, ministerial staff, and staff from the EAC Secretariat to agree on an “official EAC position” for the EPA negotiations (Qualmann et al. 2004: 46). Tanzania, however, finally decided to negotiate with the SADC EPA group while Kenya and Uganda joined the ESA EPA group. Thus, since four out of five EAC members negotiated with the ESA EPA group until November 2007, the negotiation structure of the EAC mirrors the ESA EPA structure although, in contrast to the other regional negotiation groupings where the individual joint road maps with the EC outlined the negotiation structure, the EAC group has not drafted such a road map until today. In contrast to the SADC EPA group, the ESA EPA structure is set up two-tiered with an Ministerial level and an Ambassadorial/Senior Officials level. The countries negotiating with the ESA EPA had also established individual working groups on negotiation issues, such as market access, trade in services, or development issues, as well as National Development and Trade Policy Forums. Assessments of their effectiveness, however, differ substantially and interview partners’ accounts vary as to what extent this structure was actively taken over in the EAC negotiations.¹⁵ Again in contrast to the SADC EPA group, the ESA EPA group had a rather efficient RPTF that, together with an equally efficient COMESA Secretariat, organized and coordinated preparatory meetings and working groups. According to interview partners, such a RPTF did however not exist as part of the EAC’s negotiation structure.¹⁶ For the EAC EPA negotiations, the EAC Secretariat in Arusha took over the coordinating role. Yet, it seems that its coordinating authority was fairly limited given the influential roles of the national Ministries of Trade as the formulation of trade policy-making is still driven by governments and the Office of the President, although non-state actors, the private sector, and the Kenya National Chamber of Commerce and Industry have gained influence (cf. Ng’ethe/Omolo 2010).¹⁷

13 Personal interviews, Brussels, August 2008; and Gaborone, January and February 2009.

14 Personal interviews, Gaborone and Pretoria, January and March 2009.

15 Personal interview, Nairobi, March 2011.

16 Personal interview, Nairobi, March 2011.

17 Personal interviews, Dar-es-Salaam and Nairobi, March 2011.

4.2 *Regional Coalition Building in the EPA Negotiations*

4.2.1 *From North vs. South to East vs. West – Varying Coalitions in the SADC EPA Group*

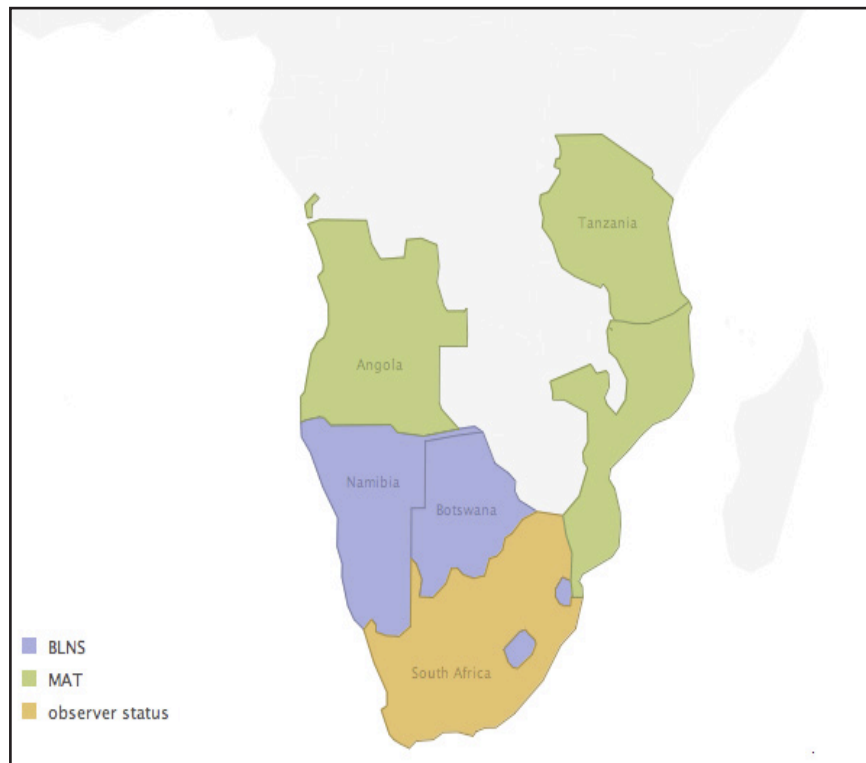
SADC member states are negotiating in four different EPA configurations and only seven out of fifteen SADC member states form the SADC EPA group.¹⁸ The group comprises Botswana, Lesotho, Namibia, and Swaziland, the so-called BLNS countries, together with Mozambique, Angola, and, since March 2007, South Africa. South Africa had already negotiated the Trade, Development and Cooperation Agreement (TDCA) with the EU, and had thus initially only an observer status in the EPA negotiations. It applied for full participation in March 2006 that was accepted in March 2007 by the EU. As negotiations had not gotten off the ground with South Africa having only observer status and the initial SADC EPA configuration clearly in conflict with existing regional organizations, particularly SACU, it was expected that by including South Africa the other SADC EPA members would develop a joint position in line with their regional integration framework that foresees a Free Trade Area (FTA) being established in 2008. In this EPA grouping, only four out of seven members initialed an iEPA on 23 November 2007 (Botswana, Lesotho, Swaziland, and Mozambique) and Namibia followed suit two weeks later whereby it voiced its strong reservations against initialing. Together with South Africa and Angola, it accused the EU of forcing the SADC EPA countries to sign the agreements. Relations within the group continued to be tense well into 2010 and led to new regional alliances: While Botswana, Lesotho, Swaziland, and Mozambique signed the iEPAs in June 2009, South Africa and Angola still refrain from signing any agreement and support Namibia in not signing an iEPA (Figure 3).¹⁹

With the various domestic dynamics and orientations, the coalitions between the SADC EPA countries varied accordingly and in unexpected ways (Lorenz 2011b). The initial composition of the SADC EPA grouping was a combination of 'SACU –' comprising the BLNS countries, and the so-called MAT countries, comprising Mozambique, Angola, and Tanzania. The expression 'MAT countries' became a frequently used reference in talks and documents and a set expression grouping the three non-SACU members and EBA beneficiaries in the SADC EPA group. Indeed, the three countries held orientation and consultation meetings in 2006 and 2007, arguably based on a consensus between them that their LDC status would lead to a 'contractualization' of the benefits granted under EBA. However, it became quite obvious at a fairly early stage that Angola would not table an offer and that Tanzania's membership in the SADC EPA conflicted with its membership in the EAC and its plans to establish a customs union.

18 The Democratic Republic of Congo (DRC) belongs to the Central Africa EPA, while Madagascar, Malawi, Mauritius, Zambia, and Zimbabwe participate in the ESA EPA and Tanzania, since November 2007, in the EAC group.

19 South Africa's trade with the EU is however secured through the TDCA.

Figure 3: SADC EPA Group Composition at the Beginning of the Negotiations



Source: Author's illustration

After South Africa had joined the SADC EPA group, new dynamics between the negotiating parties evolved and it became evident that the complexity of the multiple dimensions of regional dynamics had been underestimated by the EU. For the other SADC EPA members, South Africa's behavior had been equally unexpected and, not surprisingly though, led the signatories of the iEPA to refer to it as the 'stumbling block behavior' of the South African negotiators, instead of joining them in their criticism towards the EU as breaking up regional integration.²⁰ With the initialing of the iEPAs by the BLNS and Mozambique, and with Tanzania initialing an iEPA with the EAC, two new coalitions emerged that divided the SADC EPA countries into the so-called ANSA coalition between South Africa, Namibia, and Angola, and the BLS+M coalition comprising the four signatories of the iEPA, Botswana, Lesotho, Swaziland, and Mozambique. While observers found the new dynamic of the three SACU members taking on South Africa on trade policy remarkable, the alignment of the ANSA coalition was seen as part of the historical legacy at least on the part of Namibia and South Africa.²¹ In 2008, the South African negotiators met frequently with their Namibian and Angolan counterparts and discussed negotiation matters amongst each other before SADC EPA meetings took place. The Namibian negotiators had raised their concerns with the Interim EPA in a separate statement to the Interim Agreement and, therefore, saw closer alignment with South Africa than with the BLS countries. Angola had not indicated an interest in tabling an offer but its alignment with the ANSA coalition was seen as a consequence of the increased interest of the South African government in a

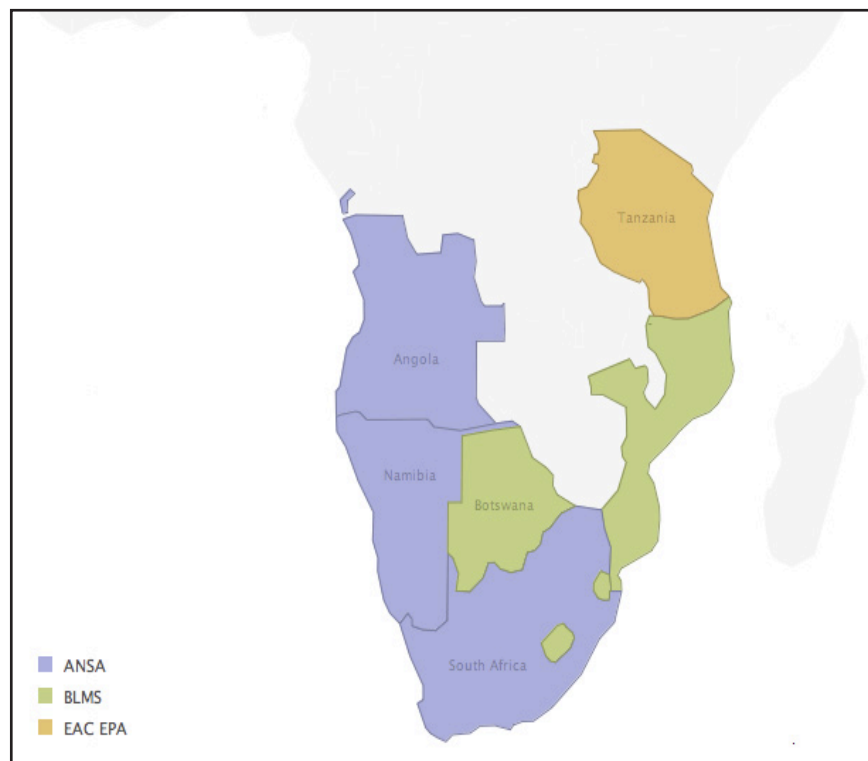
²⁰ Personal interviews, Brussels, August 2008 and June 2009; Gaborone, February 2009; and Maputo, February 2009.

²¹ Personal interviews, Gaborone, January 2009; and Pretoria, March 2009.

stronger relationship with Angola. Observers, however, saw this as a rather desperate move for allies due to the tense relationship with the BLS countries.²²

The initial combination of 'SACU –' plus MAT countries that constituted a quasi North-Southern Africa – South-Southern Africa divide within the negotiation grouping developed into a Western-Southern Africa – Eastern-Southern Africa rift in the aftermath of the initialling of the iEPA in the form of the ANSA coalition versus the BLS+M (Figure 4).

Figure 4: SADC EPA Group Composition at the Initial Deadline (Dec. 2007)²³



Source: Author's illustration

Against this background, the two main regional organizations related to the SADC EPA group, the SADC and the SACU, were not only challenged by their respective intra-organizational limitations, but also by cross-cutting member coalitions. With over half of its members being non-LDCs (Botswana, Namibia, South Africa, Swaziland), the heterogeneity in the final SADC EPA group differs from the other EPA configurations where the share of LDCs is much higher (McCarthy 2008: 119-120).

This distribution is particularly striking when considering that out of 23 Eastern and Southern African countries, excluding South Africa, only seven are not classified as LDCs. The heterogeneity of the group is increased by the dominant position of South Africa that contributes 80 percent of the EPA group's Gross Domestic Product (GDP) and 92 percent of the SACU's GDP.²⁴ South Africa also dominates the Southern

²² Personal interviews, Gaborone, February 2009; and Brussels, June 2009.

²³ This scenario has not changed until the time of writing.

²⁴ The SADC Trade Protocol divides SADC member states into three categories, being developed, developing, and

cone geographically by providing vital transport links, both for the three landlocked countries (Botswana, Swaziland, and Lesotho), but also for the Mozambican and Namibian exports to the Republic. Yet, while observers expected the inclusion of South Africa into the SADC EPA negotiations would lead to a more conjointly negotiation positing of the SADC EPA countries, the negotiation process became further fraught with disunity between parties, leaving little of the desired facilitation of regional integration.

4.2.2 *A Joint Approach or a Non-Approach? Inside the EAC Negotiation Group*

According to the United Nations Economic Commission for Africa (UNECA), “the EAC is one of the most dynamic regions in terms of integration” (2010:22) and has been referred to as the new success story of regional integration in Sub-Saharan Africa. The first EAC struggled with economic, political, and personal differences, particularly with the personal differences between Uganda’s leader Idi Amin and Tanzania’s president Julius Nyerere (cf. Kasaija 2004). Differences were also mirrored by diverse economic policies and ideologies: While Kenya followed a market-oriented approach, Tanzania was led into a socialist economy from 1967 on. These developments were accompanied by a fear of Kenyan dominance over Tanzania and Uganda in terms of economic gains (Stahl 2005:1). This far-ranging friction led to the dissolution of the first EAC in 1977 (Mugisa et al. 2009:1) that was followed by all borders being closed until 1984 (Knirsch/Beez 1999:47).

At the beginning of the regionally conducted negotiations in 2003, the EAC was not expected to be able to function as a negotiation grouping.²⁵ The new EAC had however managed to establish a customs union in 2005, with Burundi and Rwanda joining in 2007 and thus unexpectedly emerged as a viable additional negotiation grouping.²⁶ The EAC EPA group comprises all five members of the EAC and thus constitutes the only EPA configuration where the EPA grouping corresponds with a regional organization. Until November 2007, all EAC members but Tanzania negotiated with the EAS EPA group while Tanzania had been participating in the SADC EPA configuration. Its membership in the SADC EPA group had raised concerns both on the EC’s side as well as on the EAC’s side, and first inquiries into the EAC’s negotiation process revealed substantial pressure put on Tanzania by the European negotiators from mid 2007 on to leave the SADC EPA group.²⁷ Officially, the EC had however presented the initiation of the EAC as EPA group as an initiative of the EAC’s trade ministers. After a negotiation process of only several weeks, on 27 November 2007, the EAC members jointly initialed an iEPA with the EU that covers trade in goods, fisheries, and development cooperation as well as a simplification of rules of origin for clothing products (Figure 5).²⁸

least developed countries, where the SACU countries fall into the first category and all other countries apart from Mauritius and Zimbabwe form the LDC group.

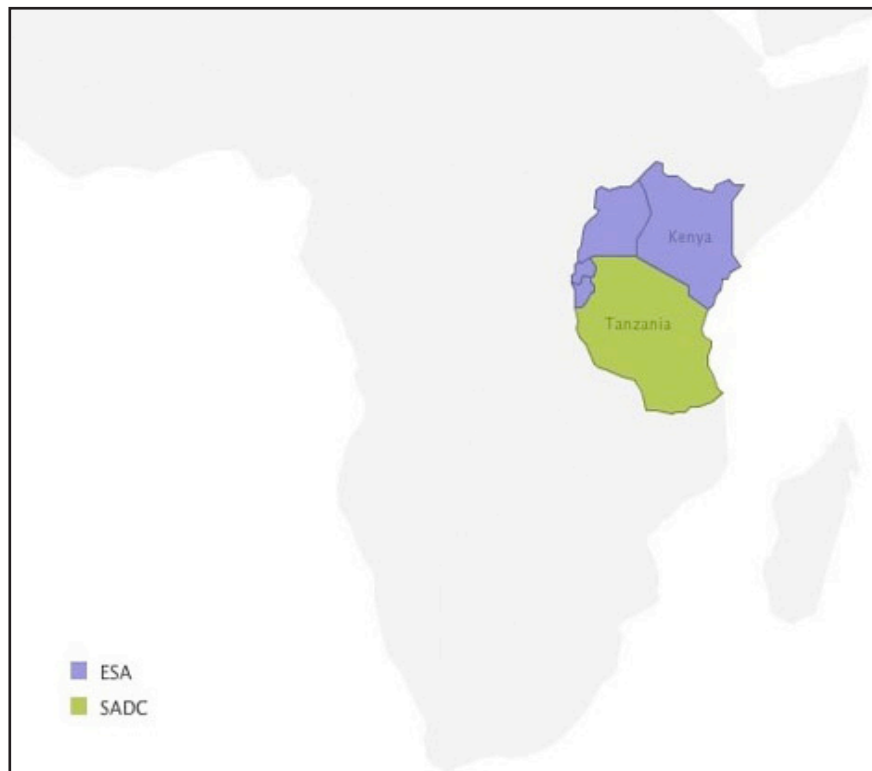
25 The EAC history in fact dates back to 1917, when Kenya and Uganda were integrated into a quasi ‘customs union’ by the British colonial administration. The ‘customs union’ entailed a Currency Board, an Income Tax Board, and a Common Economic Council. Tanzania joined in 1927 and in 1936 trade tariffs were eliminated and permitted duty-free circulation of goods between the three countries (Nixdorf 2011; cf. Kyarimpa 2002).

26 On 1 July 2010, the East African Common Market Protocol was launched. The implementation of a common currency is envisaged for 2012 and a full political federation by 2015.

27 Tanzania is however still a member of the SADC.

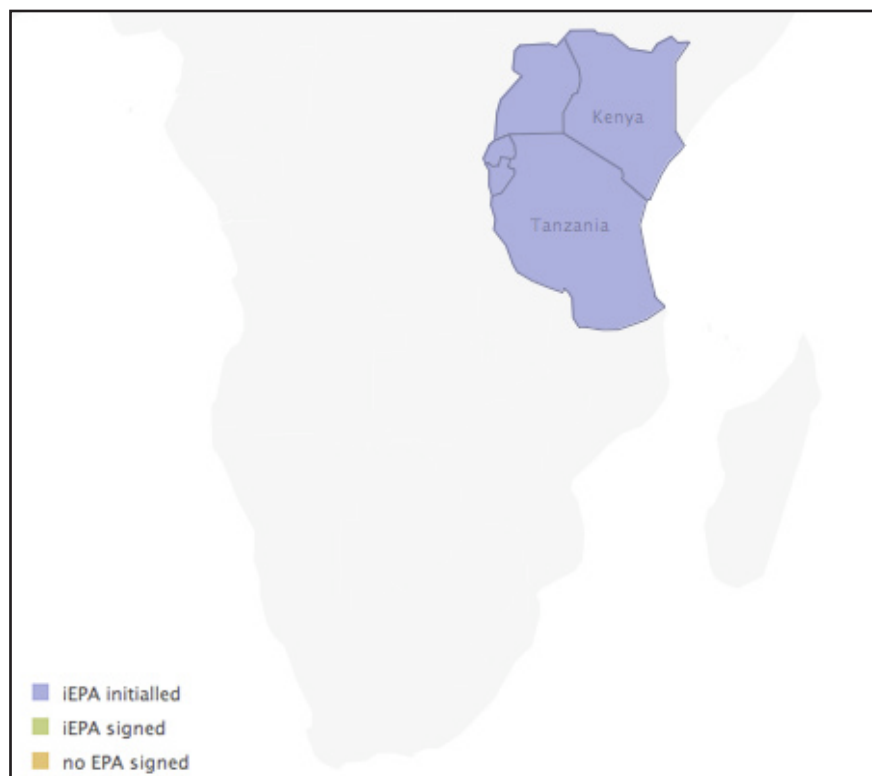
28 In case of the EAC, the iEPA of the EAC is also referred to as Framework Economic Partnership Agreement (FEPA).

Figure 5: EPA Group Membership of EAC Countries at the Beginning of Negotiations



Source: Author's illustration

Figure 6: Status of Agreement in EAC EPA Group



Source: Author's illustration

The negotiation parties agreed that negotiations on services, investment, and outstanding trade and market access issues as well as trade-related issues such as competition policy or investment policy would be negotiated continually towards concluding a full EPA which was envisaged for July 2009. At the beginning of 2011, negotiations were however continuing since the group in unison demands binding commitments from the EU on development assistance and clarification of contentious issues before signing a full agreement. This already led the EU to indirectly threaten to withdraw trade preferences by end 2009, but this has not changed the situation. Despite significant internal differences within the EAC EPA group, it has managed to develop a position towards the EU that lies beyond a simple stereotype of a weak negotiation party from the South. This is even more surprising since the EU is the EAC's largest trading partner, accounting for almost 20 percent of its exports in 2009 (18.4 percent recorded in 2008; International Trade Center 2011).²⁹

The EAC is the only EPA group in which all signatories have identical liberalization schedules (liberalization of 82.6 percent of imports from the EU over a 25 year transitions period). However, until November 2010, no joint road map has been developed: while the European side criticized the delay on the lack of a road map in several meetings, the EAC group argued that they could not hold meetings due to a lack of funding. In addition, a number of outstanding issues such as trade in services are further complicated by the fact that they have not been negotiated within the EAC. In contrast to the EPA negotiations with the SADC, economic and development cooperation was and still is a most contentious issue in the EAC EPA negotiations. Meeting reports indicate a substantially different understanding of how development in the EAC will be achieved between the European negotiators and the EAC negotiators. In late 2010, the EAC again postponed the signature of the FEPA because

*“the EC has consistently been non-committal and non-responsive on economic and development issues” and “given the sensitivity and impact the EPA is likely to have on the EAC Partner States economies it will be difficult to effect the ratification of the IEPA through the National legislatures without in-built economic and development safety nets to support the required economic adjustments”.*³⁰

External experts as well as officials from the member states agree in their assessment of the EPA negotiations having supported regional integration in the EAC EPA group.³¹ Bizarrely, the EU's promotion of regionalism seemed to have effectively contributed to the strengthening of the EAC position while it weakened its own negotiation position at the same time.

²⁹ The EAC's main exports are coffee, tea, spices, plants and flowers, fish and fish products (together over 70 percent of the EAC's total exports to the EU in 2009).

³⁰ Personal interviews, Dar es Salaam, Arusha, and Nairobi, February and March 2011.

³¹ Personal interviews, Dar es Salaam, Arusha, and Nairobi, February and March 2011.

4.3 *Leading or Lagging Transformations? Regional Hegemons in the EPA Negotiations*

4.3.1 *South Africa in the SADC-EU EPA Negotiations*

In the SADC EPA process, South Africa played a key role throughout the negotiations. It was initially given observer status due to not being a member of the ACP and already having concluded the TDCA with the EU.³² The negotiations were however closely followed in Pretoria and South African ministerial officials participated in the SADC EPA meetings from the onset. After having adopted a more liberal trade policy approach in the early post-apartheid years, the new decade witnessed an increasingly defensive approach to trade policy and negotiations that preferred sector-based industrial policy. Driven by the reorientation within the tripartite alliance between the African National Congress (ANC), the Congress of South African Trade Unions (COSATU), and the South African Communist Party, “the ideological basis for trade policy shifted in the early years of this decade in response to perceived shortcomings of the liberal model” (Draper et al. 2010: 249). Thus, in contrast to the early post-apartheid years, a growing protectionist sentiment leaned towards industrial policy that saw tariffs and tariff policy as instruments of industrial policy and therefore speaking for trade policy. This development also reflected the share of exports of manufacturing goods that are labor-intensive manufactured goods. According to the EC’s Chief negotiator, Karl Falkenberg, the initial position of the South African government had been very cautious, if not negative, regarding joining the EPA negotiations. Yet, the perception of the TDCA as “unfinished business between (...) [South Africa] and the region, vis-à-vis the EU” led to seeing the EPAs as a “historical opportunity to address (...) [this] unfinished business” (Smalberger 2006: 3-4). Not least because of South Africa’s economic power and being the main market for its neighbors, the South African negotiation team played a crucial role in the negotiations that it had joined in March 2007. Despite the stated objective to support regional integration, particularly towards the end of 2007, the team was experienced as almost more problematic than the European negotiators by other negotiation teams in the region, particularly by Botswana. South Africa has a well-experienced and knowledgeable negotiation machinery that had ‘learned the hard way’ in the negotiations of the TDCA with the EU between 1995 and 1999. Despite the acquired experiences, the governments under Mandela and Mbeki had received a lot of criticism for ‘selling out South Africa’ and the neo-liberal trade policy environment it created. This, however, strongly relates to the change in personal responsibility for trade matters. While the Minister of Trade and Industry at the time of the TDCA negotiations, Alec Irwin, was described at several occasions as extremely pragmatic and influential in the WTO and in favor of a liberal trade policy, the Minister during the EPA negotiations, Mandisi Mpahlwa, was in contrast referred to as “non-influential, respectively un-interested in trade but rather in industrial policies, with a team of negotiators and a deputy minister who are ideologically extremely left wing” (Business Day 2008; Mmegi 2008). Therefore, neither Mpahlwa nor then President Thabo Mbeki were seen as strong

32 After refusing Pretoria’s application to the Lomé regime, the EU’s motivation to secure South Africa as a new market and as stable actor in Southern Africa and South Africa’s concerns about finalizing a trade agreement with its main trading partner before the conclusion of a new WTO round (Eurostep 2000; cited in Meyn 2005: 108) led to the signing of the TDCA in October 1999. The new Agreement emphasized three fields of cooperation, being trade, development cooperation, and economic cooperation. Regarding the trade arrangements, the TDCA commits both parties to establish a FTA within a twelve year transition period, with a shorter transition period of ten years for the EU.

key actors in the EPA negotiations by interview partners. Mbeki had highlighted the EPA negotiations and regional integration as priorities in 2008, but observers argued that this did not reflect priorities on the ground (Business Day 2008; Mmegi 2008).

South Africa's position on regional integration is anything than easy to comprehend and understand. When applying for full participation in the EPA negotiations, South Africa had been expected, both by the other SADC EPA members as well as by the EU, to cooperate with and to support its fellow negotiating countries and to actively foster efforts towards regional integration. These expectations drew on the Republic's proclaimed developmental approach within SADC where it had accepted to make bigger concessions in economic and trade dealings than its Southern African partners (Draper et al. 2006: 33). At the first special meeting of the SADC EPA Ministers in Gaborone in March 2005, it had been agreed "that South Africa [would] (...) be an important player in the negotiations by providing technical support, sharing information on current developments, sharing information on how they negotiated the TDCA and how to deal with the EC" (SADC Secretariat 2005: para. 3.3.1). The BLNS countries furthermore confided in South Africa to comply with the consent principle of the new 2002 SACU agreement despite its economic superiority in accounting for over 90 percent of SACU's aggregate GDP (WTO 2009). However, the position of South Africa's negotiators throughout the negotiations gave reason for anxiety, not only regarding the future whereabouts of SACU, but also because other countries did "not understand what South Africa's strategy is for global and regional integration" (Mmegi 2008). From the second half of 2007 on, it became apparent that the South African negotiators would not play the expected 'big brother' role, but in fact strongly pursued South African interests in negotiation meetings. From the South African negotiators' point of view, their bargaining did not stand in contrast to the interests of the BLNS as they did "not think that the EU (...) [would] have the guts to take the political cost of excluding [the BLNS] from their market".³³ For the other SADC EPA negotiators, this 'support' appeared as bullying them into accepting South Africa's position in a process that was found to have to suit South Africa's own domestic trade policy priorities in the end and, if necessary, against others' interests. The predominance of ideological issues seemed to prevail over economic reasoning, accompanied by "a lot of political play and positioning, rather than real issues".³⁴

4.3.2 *Kenya in the EAC-EU EPA Negotiations*

Kenya as the strongest economy and largest market in the EAC holds a key position in the revived EAC: Accounting for 53 percent of Kenya's total exports, the EAC is a major destination for the country whose trade value in the region grew significantly from \$1.2 billion in 2008 to \$1.52 billion in 2010. As a result, Kenya accounts for almost 50 percent of the total intra-EAC trade (KIPRA 2011: 1). This status might, however, constitute less of a dividing factor for the region than it sounds: In a recent study on the 'new' EAC, the authors argue that the gap between Kenya on the one hand and Uganda and Tanzania on the other has narrowed over the past ten to twenty years due to the fast growth of the latter in comparison to the former (Kapstein 2010: 1). In addition, the economic growth "has given these smaller nations confidence in their competitive abilities" (Kapstein 2010: 1). The three countries have not only changed regarding their

³³ Personal interview, Botswana, January 2009.

³⁴ Personal interviews, Botswana, South Africa, and Mozambique, January and February 2009.

economic structures but have moved towards each other politically and thus give rise to high expectations to greater benefits for trade than in the first EAC where Kenya had clearly dominated both in agriculture in manufacturing. Today, Uganda's GDP is higher than that of Kenya and Tanzania's GDP has risen significantly in relative terms (cf. KIPRA 2011) what has further leveled Kenya's position in the EAC. Under the new EAC customs union protocol, Kenya even agreed to an asymmetry period of five years to dilute its competitive advantage (Braude 2008: 7).

Concerning the EPAs and in contrast to the situation in the SADC EPA group, Kenya is however the only non-LDC country in the EAC group and it was expected that concluding an EPA in order to safeguard its access to the EU market would constitute a preferable option for Kenya compared to having to trade under the General System of Preferences (GSP). The EU is Kenya's largest trading partner and accounts for more than 20 percent of the country's total trade. Furthermore, Nairobi has been granted €410 million in development grants under the 10th EDF. The overall volume of Kenya's exports has gradually increased over time and today over 30 percent of Kenya's exports go to the EU market with food products and flowers constituting more than half of the exports. At the same time, Kenya's trade within the region has been growing at a relatively faster rate of increase in the proportion of its trade with other regions under the WTO framework and three out of the four fellow EAC member countries are under the Top 12 export markets for Kenya (International Trade Center 2011). This situation constitutes somewhat of a stalemate for Kenya: Being a member of the EAC customs union and since 2010 of the EAC common market, signing an agreement with the EU would require the EAC's other members to join this agreement since a Common External Tariff (CET) cannot be enforced otherwise. As the other members clearly opted against signing an EPA, a bilateral option would have harmed the EAC integration endeavor and did thus not constitute a viable option for Nairobi. Interviewees also agreed that the country is still experiencing the aftermaths of the post-election riots in 2008 and has no interest in further jeopardizing the economic growth and the stability of the region.³⁵ It goes beyond the scope of this paper to further elaborate on Kenya's and the regional developments after this crisis and its relationship with the EPA negotiations, but it is worth considering in addition that Kenya's exports have increasingly experienced international competition in the last years as well as competition by Egyptian and South African capital in the region which leaves the EAC as an comparatively secure market and raises the need to display unity and stability on an EAC-level (cf. Braude 2008: 82-83).

Particularly in this respect, it is, first, noteworthy that Kenya did not reject to negotiate trade in services whereas trade in services is a most contentious issue for South Africa in the SADC-EU EPA negotiations, although it could be argued that Kenya's service sector is to a significant proportion owned by EU multinationals (Braude 2008: 319). Secondly, the other four EAC members could have taken advantage of trading duty-free quota-free under the Everything But Arms Scheme (EBA) from 2008 on. Yet, particularly Uganda supported an EAC EPA since only 0.5 percent of its exports could be sent to the EU under EBA and given their high degree of association with Kenyan firms (Braude 2008: 319). As the disruptions within the SADC EPA group became ever more visible in the second half of 2007, Tanzania's decision to leave the group can be regarded as key towards an EAC iEPA. Thus, while Kenya nevertheless functions as the dominant power in the region, the preliminary outcome of the EAC-EU EPA negotiations results out of two conditions: firstly,

35 Personal interviews, Dar-es-Salaam and Nairobi, February and March 2011. Kenya's crisis disrupted supplies to the landlocked EAC members and had a significant economic impact (cf. Braude 2008: 307-311).

from Nairobi setting its preferences with the EAC while accepting the risk of a disadvantageous market access at the same time,³⁶ and, secondly, from the fact that the EAC members were able to at least agree on the position to negotiate as a group despite the increasing pressure scenarios of the EU.

5. Negotiating Economic Partnership Agreements, Transforming North-South Trade Relations

The EPA negotiations between the EU and the ACP's regional negotiation groupings have been most challenging as a process as well as in substance. By the time of the initial deadline on 31 December 2007, little was left to the ambitious key principles set out at the beginning of the negotiations in 2002. The realization of the momentousness of the new trade regime, however, came quite late for many actors and led to new and unexpected dynamics in ACP-EU negotiations. Equally unprecedented were the complexity, technical nature, and scope the new agreements required, and while the EPAs might have been presented, predominantly by the European Commission, as naturally linking with ongoing regional integration processes, they were in fact a difficult match (cf. Lorenz/Cornelissen 2011).

The paper has argued that the different outcomes in the EPA negotiations are rather determined by regional dynamics instead of by the EU's role in the EPA negotiations. Scrutinizing the EU's role has provided little insight due to three reasons: First, the Commission had one mandate for all regional negotiations that were, second, conducted by a largely constant and limited negotiation team in the phase of the EPA negotiations under review between 2004 and 2009. Third, interviewees in Eastern and Southern Africa as well as in Europe widely agreed that the alleged differences between the DG Trade and the DG Development were in fact marginal and provide little explanation for the different negotiation outcomes. Regional dynamics in the EPA negotiations were understood as being driven by the negotiation structure, by processes of coalition building in the individual negotiation groupings, and by the role of the regional hegemon in every group in the individual EPA negotiation groupings. Comparing the cases of the SADC EPA group and the EAC EPA group whose negotiation outcomes differed most significantly from initial expectations, it became clear that, first, structures did not differ substantially and that, second, coordinating forums like the SADC EPA Unit or the EAC/ESA RPTF had little influence on the courses of the respective negotiations in the end. Regarding the relevance of regional coalition building, different interests within the SADC EPA group not only led to a most unclear overlap of several trade regimes, but also challenged the existence of SACU. For the SADC, EPAs meant a significant fragmentation, subverting many of the endeavors towards regional integration, and nullifying some of the institutional gains made as a result of the reform process. While observers in the 1990s, after the end of apartheid in South Africa, had expected that the rivalry between COMESA and SADC could lead to a potential collapse of COMESA due to South Africa's decision to join the Southern African but not COMESA, the regional EPA groupings were rather formed along the organizational borders of COMESA and SACU than those of SADC. An Audit Report of the Southern African Trade Hub in 2007 found that "outside of SACU, most of the intra-SADC trade is taking place under either COMESA or bilateral preferences" (2007: 23). This outcome has puzzled observers and officials both in Southern

³⁶ Personal interview, Nairobi, March 2011.

Africa and Brussels alike. In contrast, the EAC EPA group was able to maintain a joint position which was clearly facilitated by the fact that the EAC is the only negotiation group that coincides with an existing and, more importantly, thriving regional organization. Coalition building within a negotiation grouping is thus an important driving factor for regional dynamics that allow upholding an agreeable position within the coalition.

Regarding the role of regional hegemony as part of regional dynamics and their influence in regional coalitions, particularly South Africa's behavior in the negotiations turned out to be unexpected and crucial, which again provides an interesting contrast to Kenya's behavior within the EAC EPA negotiation group as both countries are understood as regional hegemony. While South Africa was clearly experienced as 'bullying' the other negotiation group members, Kenya seems to have been much more refraining from taking the driving seat and used the very own argument of the EU of the EPAs being an endeavor to strengthen regional integration to not negotiate its own bilateral trade agreement with the EU. While this could be seen as a sign of enhanced regional cohesion and solidarity, more critical voices see little agreement within the EAC and particularly between Kenya, Uganda, and Tanzania on how and if to pursue with the EPA negotiations.³⁷ From this point of view, instead of negotiating on a highest common factor the EAC thus finds itself acting but nevertheless united on a lowest common denominator with Kenya not acting out its position in the region and willing to face the – however seemingly not so imminent – risk of disadvantageous trading conditions.

By end April 2012, South Africa, Namibia and Angola have not joined the BLMS countries (Botswana, Lesotho, Mozambique, Swaziland) in signing an iEPA, negotiations are still ongoing, and after several indications following the initial deadline that negotiating parties are only days away from signing, both participants and observers would probably put little money on a time of finalization and the content of final agreements. In case of the EAC, the situation has not noticeably changed since the end of 2007. As for the EAC, the EPA negotiations are equally stalled despite the EU having tried to impose a new deadline by end 2011. This pending finalization is in itself an important evidence for transforming EU relations with ACP countries and a break with earlier negotiations where ACP countries had equally been reported as discontent with the offers of the EU but where negotiations were nevertheless concluded in a timely fashion. The developments in both negotiation groupings were unexpected and support the argument of this paper that regional dynamics are a dominant factor in explaining these developments. Clearly, the three dimensions scrutinized and compared in this paper cannot account for an all-comprehensive explanation of the different negotiation outcomes, let alone to understand these differences in their entirety. But an 'outside-in route' that not only pays more attention to the power plays of regional hegemony in the ACP group of states but particularly to regional dynamics can contribute to a better understanding of the ongoing transformations that have already started to alter North-South relations as we – seemingly – know them.

³⁷ Personal interviews, Nairobi, March 2011.

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